



December 4, 2009

The Honorable Max Baucus
Chairman
U.S. Senate Committee on Finance
219 Dirksen Building
Washington, DC 20510

The Honorable Charles E. Grassley
Ranking Member
U.S. Senate Committee on Finance
219 Dirksen Building
Washington, DC 20510

Re: Comments on Duty-Suspension Bills on Artificial Flowers of Man-Made
Fibers – S.2082; S.2083; S.2084; S.2370; S.2371; S.2372; S.2465;
S.2466; S.2599; S.2600

Dear Chairman Baucus and Ranking Member Grassley:

On behalf of its members in the U.S. retail industry that sell arts and crafts supplies and decorative accessories, the National Retail Federation (NRF) submits these comments in support of including in any miscellaneous trade legislation considered by the Senate Finance Committee the following bills that would continue the duty suspensions currently in place on imported artificial flowers:

- S. 2082 artificial flowers of man-made fibers assembled as floral sprays;
- S. 2083 artificial flowers of man-made fibers assembled as swags;
- S. 2084 artificial flowers of man-made fibers assembled as wreaths;
- S. 2370 artificial flowers of man-made fibers assembled as clips;
- S. 2371 artificial flowers of man-made fibers assembled as picks;
- S. 2372 artificial flowers of man-made fibers as candle rings;
- S. 2465 arrangements of artificial flowers of man-made fibers;
- S. 2466 artificial flowers of man-made fibers assembled as floral stems;
- S. 2599 artificial flowers of man-made fibers assembled as a single-species bush, with or without foliage; and
- S. 2600 artificial flowers of man-made fibers assembled as a multi-species bush, with or without foliage.

These bills all cover a variety of artificial flowers used by consumers for home décor, decoration, craft projects, and many other purposes. The artificial

flowers covered by these bills are made of man-made fibers as opposed to natural fibers, such as silk or linen. All these products are currently subject to a three-year duty suspension that was included in the miscellaneous trade package in the Tax Relief and Health Care Act of 2006, and is scheduled to expire on December 31, 2009.

Virtually 100 percent of these products are imported, and, as confirmed by the last report submitted by the U.S. International Trade Commission (ITC) prior to the last miscellaneous trade bill passed by Congress, there is no domestic production in the United States. Retailers have relied on the cost-savings afforded by the current duty-suspension to provide their customers greater value and selection in these products at competitive prices.

Some of the specific distinct articles that enter the U.S. under this general tariff category are:

- Floral stems used in vases, containers, bouquets, corsages and other uses;
- Bushes for outdoor decorations, flower beds or grave decorations;
- Wreaths for indoor or outdoor use on a door or wall;
- Pre-made flowering arrangements used as an interior decoration or given as a gift; and
- Picks, candle rings, and clips used to decorate larger items such as clothing, tables, and candle bases.

Should the current duty suspension be allowed to lapse, U.S. retailers that import and sell these products will face a sizable bill for the duties that U.S. Customs and Border Protection will begin to assess starting January 1, 2010. Many of these retailers are medium and small businesses that can ill-afford a substantial cost increase in the current economic climate. As a consequence, they will face several untenable options: (1) raise prices to their customers, which is not viable in the current economy and competitive market; (2) absorb the increased cost, which, with an average profit margin of only 2 percent, will force retailers to sell these products at a loss; or (3) stop importing and selling the product entirely, which could damage a retailer's brand image with its customers.

Therefore, NRF urges Congress to include these measures in a miscellaneous trade package and extend the current duty suspension on each of the separate categories of these products encompassed by these bills at the first opportunity.

Please contact me with any questions or comments. NRF appreciates the opportunity to comment on this important matter. Please contact me with any questions or comments at (202) 626-8104 or by email at autore@nrf.com.

The **National Retail Federation** is the world's largest retail trade association, with membership that comprises all retail formats and channels of distribution including department, specialty, discount, catalog, Internet, independent stores, chain restaurants, drug stores and grocery stores as well as the industry's key trading partners of retail goods and services. NRF represents an industry with more than 1.6 million U.S. retail establishments, more than 24 million employees - about one in five American workers - and 2008 sales of \$4.6 trillion. As the industry umbrella group, NRF also represents over 100 state, national and international retail associations.

Sincerely,

A handwritten signature in dark ink that reads "Erik O. Autor". The signature is written in a cursive, flowing style.

Erik O. Autor
Vice President, Int'l Trade Counsel
National Retail Federation